

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2437

Introduced by Assembly Member V. Manuel Perez

February 19, 2010

~~An act to add Section 71098 to the Education Code, relating to community colleges, and making an appropriation therefor. An act to add Article 6 (commencing with Section 91600) to Chapter 1 of Title 10 of the Government Code, relating to economic development.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2437, as amended, V. Manuel Perez. ~~Community colleges: green technology training: workforce development strategy. State government: economic development.~~

The California Industrial Development Financing Act authorizes cities, counties, cities and counties, and redevelopment agencies to establish industrial development authorities that are authorized to issue industrial development bonds, the proceeds of which may be used to fund capital projects of private enterprise under terms and conditions specified in the act. That act establishes the California Industrial Development Financing Advisory Commission and grants it various powers relating to industrial development bonds.

This bill, the California Manufacturing Competitiveness Act of 2010, would require the commission to establish the California Manufacturing Competitiveness Loan and Loan Guarantee Program for the purpose of attracting, retaining, and expanding manufacturing facilities with more than 200 employees, and guidelines for the implementation of the program. The bill would require the commission to provide for the development and implementation of the program application and

evaluation process, and would require that applicants to the program demonstrate that they meet specified requirements.

The bill would also create the Manufacturing Program Account within the Industrial Development Fund. The bill would allow moneys in the account to be paid to a lending institution or financial company that will act as trustee of the funds, with the approval of the Department of Finance. The fund would also be required to pay for specified direct loans and defaulted loan guarantees.

The bill would require the commission, beginning October 1, 2012, and annually thereafter, to post on its Internet Web site and provide the Legislature with a report on the program's activities and impact on the manufacturing industry, and on the state's economy generally.

The bill would provide that its provisions only remain in effect until January 1, 2016, and as of that date are repealed.

~~(1) Existing law establishes the California Community Colleges under the administration of the Board of Governors of the California Community Colleges. Existing law requires the board of governors to appoint a chief executive officer, known as the Chancellor of the California Community Colleges.~~

~~Existing law establishes, until January 1, 2013, the California Community Colleges Economic and Workforce Development Program. Existing law requires the Board of Governors of the California Community Colleges, as part of the program, to assist economic and workforce regional development centers and consortia, including middle and junior high schools or high schools and regional occupational centers and programs, to improve linkages and career-technical education pathways between high schools and community colleges for the benefit of pupils and students in both education systems and requires this assistance to include, among other things, expansion of certificate programs in identified economic development program strategic priority areas.~~

~~This bill would require the Economic Development and Workforce Preparation Division of the office of the chancellor, in cooperation with the Workforce Investment Board, the California Employment Training Panel, the California Economic Strategy Panel, and other organizations, to prepare a strategy for the purpose of determining how to expend federal economic stimulus moneys targeted for workforce development. The bill would require the strategy to include an assessment of workforce training needs and would require the strategy to identify~~

Vote: majority. Appropriation: ~~yes~~*no*. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 6 (commencing with Section 91600) is added to Chapter 1 of Title 10 of the Government Code, to read:

Article 6. California Manufacturing Competitiveness Act of 2010

91600. This act may be cited as the California Manufacturing Competitiveness Act of 2010.

91601. (a) The Legislature finds and declares all of the following:

1 (1) California is one of the largest and most diverse economies
2 in the world, with a state gross domestic product (GDP) of over
3 \$1.8 trillion in 2008. Based on figures from the International
4 Monetary Fund, if California were an independent nation it would
5 rank as the eighth largest economy in the world.

6 (2) Historically, the state's significance in the global
7 marketplace resulted from a variety of factors, including: its
8 strategic west coast location that provides direct access to the
9 growing markets in Asia; its economically diverse regional
10 economies; its large, ethnically diverse population, representing
11 both a ready workforce and significant consumer base; its access
12 to a wide variety of venture and other private capital; its broad
13 base of small- and medium-sized businesses that support the global
14 manufacturing supply chain; and its culture of innovation and
15 entrepreneurship, particularly in the area of high technology.

16 (3) Historically, economic growth in California has outpaced
17 the economic growth rate of the nation as a whole, and the state
18 has led the nation in export-related jobs, business start-ups, and
19 innovation. However, since the subprime home mortgage crisis in
20 2007, California communities have struggled. With the increasing
21 rates of home foreclosure and the tightening of the credit markets,
22 many businesses have found their existing lines of credit
23 unaccessible. Significant drops in consumer spending have led to
24 workforce reductions and business bankruptcies.

25 (4) For much of 2009, the number of unemployed workers rose
26 by 40,000 to 60,000 per month, and the year ended with 2.25
27 million unemployed California workers. While California may
28 have emerged from the recession in the final quarter of 2009,
29 unemployment is expected to remain high throughout 2010 and
30 2011. Without specific intervention to support job creation and
31 business expansion, many regions of California will be very slow
32 to recover.

33 (5) Further, as California moves forward from this recession,
34 it is important that the state support the recovery of industries that
35 provide quality jobs, including manufacturing industries. A robust
36 manufacturing sector offers many benefits to the state, including
37 high-wage jobs, a basis for international trade, and one of the
38 highest multiplier effects on other industries and businesses. It has
39 been estimated that for every job created in manufacturing, two
40 and a half jobs are supported in other industry sectors. For

1 instance, in the electronic computer manufacturing industry, the
2 multiplier effect is 16 to one.

3 (6) Manufacturing employers and other large employers in
4 California, however, face many challenges in maintaining global
5 and domestic competitiveness, including maintaining a skilled
6 workforce and cost-effective productivity in the face of lower safety
7 and wage standards in emerging foreign markets.

8 (b) It is therefore the intent of the Legislature to strengthen the
9 manufacturing capacity of California through the implementation
10 of the California Manufacturing Competitiveness Act of 2010. The
11 act will provide the framework and focus to retool and expand
12 California's manufacturing facilities, support a vibrant logistics
13 network, and retain and create more quality jobs.

14 91602. Unless the context requires otherwise, for the purposes
15 of this article, the following terms shall have the following
16 meanings:

17 (a) "Administration expenses" means the reasonable and
18 necessary expenses incurred by a commission in the administration
19 of this title, including, without limitation, the fees and costs of
20 paying agents, trustees, attorneys, consultants, and others.

21 (b) "Commission" means the California Industrial Development
22 Financing Advisory Commission established pursuant to Article
23 3 (commencing with Section 91550).

24 (c) "Company" means a person, partnership, corporation,
25 whether for profit or not, limited liability company, trust, or other
26 private enterprise of whatever legal form, for which a project is
27 undertaken or proposed to be undertaken pursuant to this title or
28 which is in possession of property owned by an authority, and may
29 include more than a single enterprise.

30 (d) "Cost" as applied to any project, may include all of the
31 following:

32 (1) The cost of construction, improvement, repair, rehabilitation,
33 and reconstruction.

34 (2) The cost of acquisition, including rights in land and other
35 property, both real and personal and improved and unimproved,
36 and franchises, and disposal rights.

37 (3) The cost of demolishing, removing, or relocating any
38 building or structures on lands so acquired, including the cost of
39 acquiring any lands to which the buildings or structures may be
40 moved or relocated.

1 (4) *The cost of machinery, equipment and furnishings, of*
2 *engineering and architectural surveys, plans, and specifications,*
3 *and of transportation and storage until the facility is operational.*

4 (5) *The cost of agents or consultants, including, without*
5 *limitation, legal, financial, engineering, accounting, and auditing,*
6 *necessary or incident to a project and of the determination as to*
7 *the feasibility or practicability of undertaking the project.*

8 (6) *The cost of acquiring or refinancing existing obligations*
9 *incident to the undertaking and carrying out, including the*
10 *financing, of a project, and the reimbursement to any governmental*
11 *entity or agency, or any company, of expenditures made by or on*
12 *behalf of the entity, agency, or company that are costs of the project*
13 *hereunder, without regard to whether or not the expenditures may*
14 *have been made before or after the adoption of a resolution of*
15 *intention with respect to that project by an authority.*

16 (7) *The cost of making relocation assistance payments as*
17 *provided by Chapter 16 (commencing with Section 7260) of*
18 *Division 7 of Title 1.*

19 (e) *“Governing body” means the board of supervisors, city*
20 *council, or board of directors of a redevelopment agency, as the*
21 *case may be.*

22 (f) *“Indenture” means any mortgage, deed of trust, trust*
23 *indenture, security agreement, or other instrument relating to*
24 *establishing a lien or security interest in, or on, property, any*
25 *pledge or other instrument relating to the possession of property,*
26 *and any assignment or other instrument relating to establishing*
27 *any right, title, or interest in, or related to, property, including the*
28 *revenues therefrom, given by an authority to a corporate trustee,*
29 *which may be any trust company or bank having the powers of a*
30 *trust company within or without the state, or bondholder or agent,*
31 *for the security of its bonds and the benefit of the bondholders.*

32 (g) *“Manufacturing Program Account” means the account*
33 *established within the Industrial Development Fund for moneys*
34 *which are available for direct loans and loan guarantees. Moneys*
35 *in this account are not subject to Section 91554.*

36 (h) *“Project” means the acquisition, construction, improvement,*
37 *repair, rehabilitation, and reconstruction of facilities and the*
38 *acquisition and rehabilitation of machinery, equipment, and*
39 *furnishings, and the acquisition of engineering and architectural*
40 *surveys, plans, and specifications, and all other necessary and*

1 *related capital expenditures by the issuance of bonds upon the*
2 *application of and to be repaid by payments from a company for*
3 *the purposes of this title.*

4 (i) *“Project agreements” means the agreements between an*
5 *authority and a company respecting a project, and may include,*
6 *without limitation, leases, subleases, options, and installments or*
7 *the contracts of purchase or sale, loan, or guaranty agreements,*
8 *notes, mortgages, deeds of trust, and security agreements.*

9 (j) (1) *“Property” means any land, air rights, water rights,*
10 *disposal rights, improvements, buildings or other structures, and*
11 *any personal property, tangible or intangible, and includes, but*
12 *is not limited to, machinery and equipment, whether or not in*
13 *existence or under construction, and interests in any of the*
14 *foregoing, or promissory notes or other obligations of any kind*
15 *respecting such interests.*

16 (2) *Property also means property suitable for one or more of*
17 *the activities or uses described below:*

18 (A) *Industrial uses including, without limitation, assembling,*
19 *fabricating, manufacturing, processing, or warehousing activities*
20 *with respect to any products of agriculture, forestry, mining, or*
21 *manufacture, if these activities have demonstrated job creation or*
22 *retention potential.*

23 (B) *Energy development, production, collection, or conversion*
24 *from one form of energy to another.*

25 (C) *Research and development activities relating to commerce*
26 *or industry, including, without limitation, professional,*
27 *administrative, and scientific office and laboratory activities or*
28 *uses.*

29 (D) *Processing or manufacturing recycled or reused products*
30 *and materials by manufacturing facilities.*

31 (E) *Business activities with the purpose of creating or producing*
32 *intangible property.*

33 (F) *Airport, dock, wharf, or mass commuting activities, or*
34 *storage or training activities related to any of those activities is*
35 *prohibited unless the property acquired is suitable for one or more*
36 *of the activities described in subdivisions (a) to (e), inclusive.*

37 (G) *Sewage or solid waste disposal activities or electric energy*
38 *or gas furnishing activities is prohibited unless the property*
39 *acquired is suitable for one or more of the activities described in*
40 *subdivisions (a) to (e), inclusive.*

1 (H) *Water furnishing activities is prohibited unless the property*
2 *acquired is suitable for one or more of the activities described in*
3 *subdivisions (a) to (e), inclusive.*

4 (k) *“Public agency” means any city, county, city and county,*
5 *or redevelopment agency.*

6 (l) *“Revenues” means all rents, purchase payments, and other*
7 *income derived from, or with respect to, the sale, lease, or other*
8 *voluntary or involuntary disposition of, or repayment of loans with*
9 *respect to, property, bond proceeds, and any receipts derived from*
10 *the deposit or investment of any income or proceeds in the account,*
11 *but does not include receipts designated to cover administration*
12 *expenses.*

13 91603. (a) *The commission shall establish the California*
14 *Manufacturing Competitiveness Loan and Loan Guarantee*
15 *Program for the purpose of attracting, retaining, and expanding*
16 *manufacturing facilities with more than 200 employees. The*
17 *commission shall establish guidelines for the implementation of*
18 *this program consistent with this article.*

19 (b) *In designing the California Manufacturing Competitiveness*
20 *Loan and Loan Guarantee Program, the commission shall develop*
21 *a program that meets all of the following objectives:*

22 (1) *Encourages the development of the state’s long-term*
23 *manufacturing capacity.*

24 (2) *Creates jobs through the support of retooling and expansion*
25 *of manufacturing facilities.*

26 (3) *Prioritizes assistance to manufacturers who consistently*
27 *pay the highest wages based on the average weekly wage rate for*
28 *their industry subsector and pay health benefits.*

29 (4) *Allows manufacturers to access funds under terms and*
30 *conditions which would not otherwise be available in the private*
31 *market.*

32 (5) *Prioritizes assistance to applications that are jointly*
33 *submitted by management and the union at the facility or the union*
34 *pending representation of workers at the facility.*

35 (6) *Assists manufacturers to cost effectively respond to energy*
36 *efficiency regulations and new technologies.*

37 (c) *The commission shall provide for the development and*
38 *implementation of the application, review, and evaluation process*
39 *for the program, including, but not limited to, defining the*
40 *eligibility standards, rating and ranking criteria, and other*

1 *appropriate policies and procedures for implementing a direct*
2 *loan and guarantee programs subject to the following provisions:*

3 *(1) The maximum loan limit shall be five million dollars*
4 *(\$5,000,000). The maximum loan guarantee amount shall be ten*
5 *thousand dollars (\$10,000).*

6 *(2) All loan and loan guarantee applicants shall demonstrate*
7 *that they will have the ability to repay the loans.*

8 *(3) Loans may be provided at terms and conditions below market*
9 *to the extent that the overall program remains financially viable.*

10 *(4) Applicants must demonstrate they are in compliance with*
11 *applicable federal, state, and local laws and regulations, or that*
12 *the project for which they are requesting funding will bring them*
13 *into compliance.*

14 *(5) Loans must be paid in full six months prior to a relocation*
15 *of a facility outside of California. If the loan or loan guarantee*
16 *included a subsidized amount, that amount must also be repaid*
17 *subject to a sliding scale adopted by the commission.*

18 *(6) All applicants must agree to annually report to the*
19 *commission on total capital investments made by the company and*
20 *total employment, including wage levels by type of work, in the*
21 *prior year and the following two years. The applicant shall also*
22 *estimate the number of jobs created or retained through the*
23 *provision of this state assistance, as well as provide other*
24 *appropriate performance data, as determined by the commission.*

25 *(d) In addition to any other requirements in this article, all*
26 *applicants shall demonstrate that they meet all of the following*
27 *requirements:*

28 *(1) The facility or facilities where the moneys will be expended*
29 *or benefit are located in the state.*

30 *(2) The moneys being awarded will be used to create or retain*
31 *jobs in the State of California.*

32 *(3) Wages for employees in California are on average, equal*
33 *to or more than the average weekly wage rate for similar workers*
34 *in the same industry subsector.*

35 *(4) Provides health insurance benefits for all full-time*
36 *employees.*

37 *(5) The employer's turnover rate has not exceeded 20 percent*
38 *annually at any facility where moneys obtained through the*
39 *program will be used.*

1 91604. (a) There is hereby created within the Industrial
2 Development Fund, an account called the Manufacturing Program
3 Account. Upon appropriation by the Legislature, all or a portion
4 of the funds in the account may be allocated by the commission,
5 with the approval of the Department of Finance, to a lending
6 institution or financial company that will act as trustee of the funds.
7 The fund shall be used to pay for direct loans and defaulted loan
8 guarantees issued pursuant to Article 6 (commencing with Section
9 91575.3), administrative costs of the commission, and those costs
10 necessary to protect a real property interest in a defaulted loan
11 or guarantee.

12 (b) All loan repayments, interest, and royalties shall be
13 deposited back into the Manufacturing Program Account.

14 (c) Moneys in the account shall not be subject to Section 91554.

15 91605. (a) Beginning October 1, 2012, and annually thereafter,
16 the commission shall post on its Internet Web site or provide the
17 Legislature with a report, whichever is more costeffective, on the
18 program's activities and impact on the manufacturing industry
19 and on the state's economy, in general.

20 (b) At a minimum, the information provided pursuant to
21 subdivision (a) shall include the following:

22 (1) the total amount of moneys in the Manufacturing Program
23 Account, at the beginning of the fiscal year and at the end of the
24 fiscal year.

25 (2) The number of projects funded and the number of
26 manufacturers assisted.

27 (3) The number of jobs created and the number of jobs retained
28 through program assistance in each of the fiscal years.

29 (4) The amount of investments made by the manufacturer in the
30 prior year to their assistance and next two years.

31 (5) The amount of federal, state, and local taxes paid by the
32 businesses in aggregate. Information on publicly held companies
33 shall also be reported separately.

34 91606. This article shall remain in effect only until January 1,
35 2016, and as of that date is repealed, unless a later enacted statute,
36 that is enacted before January 1, 2016, deletes or extends that
37 date.

38 ~~SECTION 1. Section 71098 is added to the Education Code,~~
39 ~~to read:~~

1 ~~71098. (a) The Legislature finds and declares all of the~~
2 ~~following:~~

3 ~~(1) The purpose of the California Community Colleges~~
4 ~~Economic and Workforce Development Program is to advance the~~
5 ~~state's economic growth and global competitiveness through~~
6 ~~education, training, and services that contribute to workforce~~
7 ~~improvement, technology deployment, and business development,~~
8 ~~consistent with the state's regional economies. Under this program,~~
9 ~~the California Community Colleges work with employers, advisory~~
10 ~~committees, and agency partners to identify, on a region-by-region~~
11 ~~basis, workforce education and training needs, including the needs~~
12 ~~of small businesses.~~

13 ~~(2) The Career Technical Education Unit of the Economic~~
14 ~~Development and Workforce Preparation Division of the Office~~
15 ~~of the Chancellor of the California Community Colleges focuses~~
16 ~~on program coordination and advocacy, policy development, and~~
17 ~~coordination with K-14 workforce preparation and career and~~
18 ~~technical education systems. That unit is responsible for~~
19 ~~implementation of the federal Carl D. Perkins Career and Technical~~
20 ~~Education Act of 2006 and the Governor's Career Pathways~~
21 ~~Initiative, and for the development, dissemination, and~~
22 ~~implementation of the California State Plan for Vocational and~~
23 ~~Technical Education and the annual performance reports.~~

24 ~~(3) The Economic Development and Workforce Preparation~~
25 ~~Division of the Office of the Chancellor of the California~~
26 ~~Community Colleges has a variety of responsibilities related to~~
27 ~~workforce and economic development, including the~~
28 ~~implementation of a comprehensive plan for vocational and~~
29 ~~technical education and the delivery of industry-focused technical~~
30 ~~assistance activities pursuant to the California Community Colleges~~
31 ~~Economic and Workforce Development Program.~~

32 ~~(4) In 1996, economic development became a primary mission~~
33 ~~of the California Community Colleges.~~

34 ~~(b) The Economic Development and Workforce Preparation~~
35 ~~Division of the Office of the Chancellor of the California~~
36 ~~Community Colleges shall prepare a strategy for the purpose of~~
37 ~~determining how to expend federal economic stimulus funds~~
38 ~~targeted for workforce development. The strategy shall include all~~
39 ~~of the following information:~~

1 ~~(1) An assessment of workforce training needs based on existing~~
2 ~~job opportunities, the status of workforce skills in each of the~~
3 ~~economic regions of the state, and regionally significant and~~
4 ~~emerging industries, and shall include particular attention to jobs~~
5 ~~in clean technology industries.~~

6 ~~(2) An identification of key public and private community,~~
7 ~~economic, and workforce development partners.~~

8 ~~(3) An identification of existing state, regional, and local public~~
9 ~~and private workforce development resources.~~

10 ~~(4) An identification of statutory and regulatory changes that~~
11 ~~should be made in order to best utilize federal economic stimulus~~
12 ~~funds targeted for workforce development.~~

13 ~~(5) An identification of new resources that should be made~~
14 ~~available to accomplish the objectives of the workforce~~
15 ~~development strategy.~~

16 ~~(6) A description of key tasks, timelines, outcomes, and~~
17 ~~monitoring processes for purposes of developing the workforce~~
18 ~~development strategy.~~

19 ~~(c) The strategy described in subdivision (b) shall build upon~~
20 ~~the California State Plan for Vocational and Technical Education~~
21 ~~and shall include priorities determined by the Workforce~~
22 ~~Investment Board, the California Employment Training Panel, and~~
23 ~~the California Economic Strategy Panel.~~

24 ~~(d) The strategy described in subdivision (b) shall be developed~~
25 ~~in cooperation with the Workforce Investment Board, the California~~
26 ~~Employment Training Panel, the California Economic Strategy~~
27 ~~Panel, and appropriate business and labor organizations.~~

28 ~~(e) The Chancellor of the California Community Colleges shall~~
29 ~~submit the strategy prepared pursuant to this section to the~~
30 ~~appropriate policy and fiscal committees of the Legislature within~~
31 ~~120 days of holding the first meeting to prepare the strategy.~~

32 ~~SEC. 2. (a) The sum of fifteen million dollars (\$15,000,000)~~
33 ~~is hereby appropriated from the Public Interest Research,~~
34 ~~Development, and Demonstration Fund to the California~~
35 ~~Community Colleges to be used for the purpose of providing green~~
36 ~~technology training programs funded through the Economic~~
37 ~~Development and Workforce Preparation Division and the Career~~
38 ~~Technical Division of the Office of the Chancellor of the California~~
39 ~~Community Colleges.~~

1 ~~(b) The Energy Commission may allocate to the California~~
2 ~~Community Colleges, from the moneys received for energy-related~~
3 ~~projects and training pursuant to the federal American Recovery~~
4 ~~and Reinvestment Act of 2009 (Public Law 111-5) or related~~
5 ~~federal acts, consistent with applicable federal law, and in lieu of~~
6 ~~the moneys appropriated pursuant to subdivision (a), an amount~~
7 ~~not exceeding fifteen million dollars (\$15,000,000) for the purposes~~
8 ~~of subdivision (a). If the Energy Commission allocates money in~~
9 ~~lieu of the appropriation by subdivision (a), the total amount of~~
10 ~~the moneys appropriated by subdivision (a) shall be reduced by~~
11 ~~the amount so allocated and that amount shall revert to the Public~~
12 ~~Interest Research, Development, and Demonstration Fund.~~